Registered number: 03155883

CSL (DUALCOM) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CSL (DUALCOM) LIMITED

COMPANY INFORMATION

Directors	Simon Banks Santosh Chandorkar Robert Evans Edward Heale Philip Hollett Thomas Leigh Anthony Mann Jon Shipp
Registered number	03155883
Registered office	Building 4 Croxley Park Hatters Lane Watford WD18 8YF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire WD17 1JJ
Bankers	National Westminster Bank plc Unit 227-228 Intu Shopping Centre The Chimes High Street Uxbridge Middlesex UB8 1LA

CSL (DUALCOM) LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report for the year ended 31 March 2022.

Business review

The principal activity of the company during the year was to develop, market and sell Critical Connectivity® products and services in the Internet of Things (IOT) market.

The results for the year are given in the Statement of Comprehensive Income of the financial statements. As this shows, the company's turnover increased by 16% to £38.4m in the year to 31st March 2022. The balance sheet of the financial statements shows that the company's net assets of £50.5m are higher at the year-end than at 31st March 2021 due to the net profit of £9.5m. The Directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

KPI	Definition and method of calculation	2022	2021
Growth in turnover from continuing operations (%)	Year on year sales growth for continuing operations expressed as a percentage	16%	13%
EBITDA (%)	Year on year EBITDA (*) growth for continuing operations expressed as a percentage *(*) - calculated as operating profit and adding back depreciation and amortisation on fixed assets*	31%	12%

Principal risks and uncertainties

The company is confident that it can continue to deliver products and service levels that exceed customers' expectations. A large part of the company's income is derived from recurring airtime charges. This provides the company with a healthy cash inflow which allows it to continue investing in the development of new products.

The principal risks facing the business are:

Suppliers
The company has relationships with a number of the leading mobile network operators. These relationships are key to the company's success, and as such there is regular contact and long term contracts are in place.

Technology and services
The company continues to invest heavily in existing and new platforms, new products and network infrastructure. The resilience of the company's connectivity management platforms and infrastructure are integral to the ongoing success of the company.

Financial Risk Management
The company's operations expose it to a variety of financial risks that include the effects of price, credit, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of risk and the related finance costs.

Credit risk
The company is exposed to customer credit risk through continuing uncertainty in the economy. The company has implemented policies that require appropriate credit checks on potential customers before work is undertaken. Additionally, any significant increases in activity on existing clients will result in a reassessment of their credit risk.

Price risk
Given the size of the group's operations, the costs of continually managing exposure to commodity price risk exceeds the potential benefits. The risk is mitigated by a centralised group procurement team and also certain inputs being rechargeable directly to clients. The directors will review the appropriateness of this policy should the group's operations change in size or nature.

Liquidity risk
The company actively maintains short term debt finance through intercompany funding and a positive bank balance. These measures are designed to ensure that the company has sufficient available funds for operations and planned expansions.

Interest rate risk
The company has no interest bearing liabilities and income from interest bearing assets are insignificant to the company's results.

Foreign currency risk
The majority of the company's customers and suppliers are in the United Kingdom. The foreign currency exposure arising from the small proportion of foreign currency customers and suppliers is deemed low risk by the directors. The directors will review the appropriateness of this policy should the company's operations change in size or nature.

Capital risk
The company manages its capital risk to safeguard its ability to continue as a going concern and maintain an optimal capital structure to minimise the cost of capital. This is done through changes made to the underlying debt structures, within Cosmos Topco Limited group.

Brexit Risk
Following the UK's departure from the EU on 31st December 2020, CSL (Dualcom) Limited has experienced a small increase in costs associated with irrecoverable duties on hardware distributed in Europe. Management have undertaken necessary actions to be able to claim VAT where necessary and continue to monitor the impact of customs and duties for goods passing across EU borders.

COVID-19 Risk
The company adjusted to new flexible working arrangements as a result of the COVID-19 pandemic. During the year ended 31st March 2022, the UK Government imposed several lockdowns, however, management believe these had no material impact on the trading performance of the business owing to the recurring nature of the company's primary revenue streams and the successful shift in working practices.

Global component shortage
During the year the company was exposed to component shortages and the resultant increase in prices as a result of COVID-19. This had no material impact on trading performance but did increase the capital cost of signalling equipment and the value of stock.

Directors' statement of compliance with duty to promote the success of the Company

A director of the Company must act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006, summarised as follows:

Long term decision making and risk management

The company is part of the wider CSL Group whose business and risk environment continues to develop as it grows. The group regularly reviews the principal risks and uncertainties set out above. This review involves input from all key stakeholders including customers, suppliers and employees in order to manage and mitigate against future potential risks. The most prominent risks during the period have been COVID-19 and the global component shortage. Both of these risk key risks have been regularly reviewed and mitigated through decisions by the Board.

The group maintains a rolling multi-year forecast, incorporating those risks and uncertainties, which is regularly reviewed by the Board to ensure that it makes financially sound long-term decisions. The Board also review major investment initiatives, in areas such as infrastructure, people, platforms and connectivity, to ensure that they are consistent with the group's strategy.

Employee Engagement

The group recognises that its people are essential to the delivery of short and long-term growth and to maintaining high standards of customer satisfaction. We are committed to creating an inclusive workplace and working environment that promotes and values diversity in all its forms. As a responsible employer, the group ensures that employees are aligned with the business's goals through appropriate remuneration, benefits, training and performance management. We also perform annual employee surveys, annual employee strategy updates and monthly group-wide 'all hands calls' to ensure that employees are kept informed and their voices heard.

Relationships with suppliers, customers and others

The group places customers at the forefront of everything it does. We invest heavily in customer service personnel, systems and infrastructure to maintain the high standards that have supported the group's significant growth to date. Management consistently reviews customer satisfaction data to ensure standards are maintained. The field sales, telesales and customer support teams are partners to our customers and provide not only point-of-sales guidance, but also maintain strong relationships with customers through after-sales support, training, webinars and other events. We have a number of key suppliers who we work with closely to ensure that customer expectations are met. We ensure that suppliers are paid in appropriate timeframes and we work with them to provide clear forecasts for the future to ensure that supply is maintained and costs are managed.

Standards of business conduct and our impact on the community and the environment

The Board supports the group's strategy with regards to supporting local communities, aiming to reduce adverse impacts on the environment and seeking to maintain its reputation for high standards of business conduct. The Board also recognises the need to act fairly between members of the company and other stakeholders. Employees are encouraged to celebrate their support for local initiatives through an online workplace forum. They are also reminded of their obligations through detailed policies on anti-bribery, equal opportunities, whistleblowing, anti-slavery and human trafficking in the employee handbook.

This report was approved by the board and signed on its behalf.

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Thomas Leigh
Director

Date: 18 July 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £9,456k *(2021 - £6,150k).*

No dividends were paid during the year ended 31 March 2022.

The directors do not recommend a dividend for the year under review.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Simon Banks
Santosh Chandorkar
Robert Evans
Edward Heale
Philip Hollett
Thomas Leigh
Anthony Mann
Jon Shipp

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Political contributions

No political donations were made or political expenditures incurred in accordance with the Companies Act 2006, in respect of political parties during the financial year ended 31 March 2022 (2021: £Nil).

Future developments

The strategy of the company is focussed on growing the business, both organically and through acquisition, within the security, healthcare and other sectors and by continuing to broaden the services it offers to customers.

To this end the group continues to invest heavily in human resources, technology and infrastructure.

Financial risk management objectives, policies and exposure

Details of the Company's approach to financial risk management objectives and policies are set out on page 2 of the strategic report.

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year and since the year end up to the date these financial statements were signed.

Greenhouse gas emissions, energy consumption and energy efficiency action

As the company has consumed more than 40,000 kWh of energy in this reporting year, it is required to report on its emissions, energy consumption and energy efficiency activities.

		kWh
Total Energy Consumption		676,255
	Metric	**Metric**
Emissions of CO2 equivalent	**Tonnes**	**Tonnes**
Scope 1 Direct Emissions		
-Gas	-	
-Fuel for owned transport	43.65	
		43.65
Scope 2 Indirect emissions		
-Electricity Purchased		81.77
Scope 3 - Other Indirect emissions		
-Fuel Consumed for transport not owned by the company		22.49
Total gross emissions		**147.91**
Intensity Ratio		
Tonnes CO2e per full-time employee		1.01

Quantification and reporting methodology
The company has followed the 2019 HM Government Reporting Guidelines and the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time employee.

Measures taken to improve energy efficiency
In 2021, the company moved to a new head office located at Croxley Park in Watford. The business park has the following environmentally aware schemes:
- Zero waste to landfill from 2012
- 100% waste recycled
- 100% renewable energy source
- On-site food composting, cardboard bailing
- Rainwater harvesting
- Park-wide car share scheme
- Charging points for electric vehicles

In addition to the move to a green head office the company has:
- Implemented flexible working to reduce pollution from commuting
- Commenced the process to achieve ISO14001 accreditation
- Launched a green company car scheme

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 July 2022 and signed on its behalf.

....
Thomas Leigh
Director

Report on the audit of the financial statements

Opinion

In our opinion, CSL (Dualcom) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2022; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to General Data Protection Regulation (GDPR) and Data protection Act, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, corporate taxation, VAT and PAYE/National Insurance regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in setting assumptions for accounting estimates and inappropriate journal entries to improve results. Audit procedures performed by the engagement team included:

- Discussions with the management throughout the audit where we have considered any instances of non-compliance with laws and regulations. We have considered non-compliance with laws and regulations when conducting all audit procedures and have reviewed key correspondence including new contracts and board presentations;
- Evaluation of relevant management's controls designed to prevent and detect irregularities by performing walkthroughs;
- Auditing the risk of management override of controls including identifying and testing journal entries, in particular any journal entries posted with unusual account combinations to improve results and comparing the identified entries to supporting documentation; and
- Evaluation of the management's accounting estimates and challenging the management on assumptions used in deriving the accounting estimates.
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There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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Hannes Verwey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
19 July 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	*2021* *£000*
Turnover	4	**38,411**	*32,983*
Cost of sales		**(14,945)**	*(13,153)*
Gross profit		**23,466**	*19,830*
Distribution costs		**(7,672)**	*(6,706)*
Administrative expenses		**(6,621)**	*(6,142)*
Operating profit	5	**9,173**	*6,982*
Interest receivable and similar income	8	**2**	*4*
Profit before tax		**9,175**	*6,986*
Tax on profit	9	**281**	*(836)*
Profit for the financial year		**9,456**	*6,150*

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 16 to 34 form part of these financial statements.

BALANCE SHEET
AS AT 31 MARCH 2022

	Note		2022 £000		*2021 £000*
Fixed assets					
Intangible assets	10		**1,996**		*1,924*
Tangible assets	11		**24,443**		*15,816*
			26,439		*17,740*
Current assets					
Stocks	12	**2,951**		*1,268*	
Debtors: amounts falling due after more than one year	13	**764**		*702*	
Debtors: amounts falling due within one year	13	**48,156**		*45,673*	
Cash at bank and in hand	14	**1,366**		*2,338*	
		53,237		*49,981*	
Creditors: amounts falling due within one year	15	**(26,620)**		*(24,847)*	
Net current assets			**26,617**		*25,134*
Total assets less current liabilities			**53,056**		*42,874*
Creditors: amounts falling due after more than one year	16		**(2,525)**		*(1,799)*
Net assets			**50,531**		*41,075*
Capital and reserves					
Called up share capital	18		**1,039**		*1,039*
Share premium account			**1,074**		*1,074*
Profit and loss account			**48,418**		*38,962*
Total equity			**50,531**		*41,075*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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Thomas Leigh
Director

Date: 18 July 2022

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2021	1,039	1,074	38,962	41,075
Profit for the year	-	-	9,456	9,456
At 31 March 2022	1,039	1,074	48,418	50,531

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 April 2020	1,039	1,074	32,812	34,925
Profit for the year	-	-	6,150	6,150
At 31 March 2021	1,039	1,074	38,962	41,075

The notes on pages 16 to 34 form part of these financial statements.

1. General information

CSL (Dualcom) Limited is a leading international Critical Connectivity® provider specialising in Internet of Things (IOT) communications.

The company is privately owned, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF.

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The accounting policies have been applied consistently to all periods shown.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company has adopted merger accounting for business combinations involving entities under common control (i.e. transfer of trade and assets). Wherein the transfer is accounted for prospectively by bringing the net asset book values at the date of the transfer and only recognising the profits of the acquired business from the date of transfer. The Company accounts for all the business combinations involving entities under common control under merger accounting.

The following principal accounting policies have been applied:

2.2 Going concern

The company has a net asset position and is forecast to maintain this. The company, therefore continues to adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue also includes recharges to other entities within the CSL Group for services provided by senior management to the rest of the Group.

Revenue is deferred when it has been invoiced but the services have not yet been delivered. Recurring airtime revenue is recognised over the length of the agreement and connection fee revenue over the duration of the customer arrangement which is estimated to be 7 years.

In the event of customer cancellation, any associated deferred connection fee revenue is recognised at that point.

Assets used in delivering services and residing on customer premises are included in tangible assets.

2. Accounting policies (continued)

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 2 to 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Employee Benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense in the period in which they are due. Amounts not yet paid are shown as accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight line basis over the useful lives of intangible assets which are estimated to be between 2 to 3 years. Intangibles assets consists of the following:

(i) Developed software
Development costs are capitalised within intangible assets where it can be identified with a specific product or project anticipated to produce future benefits. Capitalised development costs are reviewed annually and, where future benefits are deemed to have ceased or to be in doubt, the balance of any related development and research costs is written off to the Statement of Comprehensive Income.

(ii) Purchased software
Software consists of licences purchased from third parties.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 20% on cost
Fixtures and fittings	- 20 - 50% on written down value
Signalling Equipment	- 14.29% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised on a first in first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

The Company applies section 11 and 12 of FRS 102.

Basic financial instruments, including trade and other receivables and payables, and cash and bank balances, are initially recognised at transaction price. Long term receivables and payables are

2. Accounting policies (continued)

2.16 Financial instruments (continued)

recorded at the present value of future receipts or payments, discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.
At the end of each reporting period, financial assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is recognised immediately in profit or loss. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.
The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.17 Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible and intangible assets
The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The estimated useful economic life of signalling equipment held at customer premises is 7 years. When customers disconnect these units the net book value of the device is written off and any associated connection fee on the balance sheet is written back.

(ii) Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers various factors, including the current credit rating of the debtor, the ageing profile of the debtor, and historical experience.

iii) Capitalised development costs
The company capitalises staff and external supplier time spent on developing and upgrading its systems and platforms. Estimates are used based on the work performed by specific members of staff to calculate the amount to be capitalised. These costs are then depreciated over 2 or 3 years depending on the nature of the work involved.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 **£000**	*2021* *£000*
Rendered Services	**34,559**	*29,621*
Sale of Goods	**3,029**	*2,691*
Intercompany	**823**	*671*
	38,411	*32,983*

Analysis of turnover by country of destination:

	2022 **£000**	*2021* *£000*
United Kingdom	**34,603**	*30,228*
Rest of the world	**3,808**	*2,755*
	38,411	*32,983*

Intercompany turnover relates to the recharge of costs borne by CSL (Dualcom) Limited in relation to senior management of other group entities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Operating profit

The operating profit is stated after charging / (crediting):

	2022 £000	2021 £000
Amortisation of intangible fixed assets	**1,423**	*1,183*
Depreciation of tangible fixed assets (owned)	**4,464**	*3,332*
Operating lease rentals		
- plant and machinery	**3**	*6*
- other operating leases	**467**	*346*
Loss on disposal of fixed assets	**782**	*685*
Exchange differences	**10**	*(156)*
Audit remuneration relating to the audit of:		
- the parent company and group consolidated financial statements	**17**	*21*
- the subsidiary financial statements	**63**	*66*
Tax services	**68**	*37*

All audit fees for the group's UK entities are borne by this entity.

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £000	2021 £000
Wages and salaries	**7,800**	*6,918*
Social security costs	**981**	*835*
Other pension costs	**225**	*208*
	9,006	*7,961*

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Selling and distribution	**118**	*110*
Administration	**28**	*36*
	146	*146*

7. Directors' remuneration

	2022 £000	*2021 £000*
Directors' emoluments	**1,353**	*1,320*
Company contributions to defined contribution pension schemes	**43**	*43*
	1,396	*1,363*

During the year retirement benefits were accruing to 6 directors *(2021 - 6)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £311k *(2021 - £283k).*

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2021 - £NIL).*

8. Interest receivable and similar income

	2022 £000	*2021 £000*
Other interest receivable	**2**	*4*
	2	*4*

9. Tax on profit

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	**774**	*752*
Adjustments in respect of previous periods	**(920)**	*(28)*
	(146)	*724*
Total current tax	**(146)**	*724*
Deferred tax		
Origination and reversal of timing differences	**67**	*26*
Effect of changes in tax rates	**(137)**	-
Adjustments in respect of previous periods	**(65)**	*86*
Total deferred tax	**(135)**	*112*
Tax on profit	**(281)**	*836*

9. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £000	*2021 £000*
Profit before tax	**9,175**	*6,986*
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**1,743**	*1,327*
Effects of:		
Expenses not deductible for tax purposes	**15**	*59*
Adjustments in respect of previous periods	**(985)**	*183*
Non-taxable income	**(3)**	*-*
Effect of change in tax rate	**(137)**	*-*
Group relief	**(1,296)**	*(1,069)*
Transfer pricing adjustment	**382**	*336*
Total tax charge for the year	**(281)**	*836*

Factors that may affect future tax charges

Deferred tax has been calculated at 25%, reflecting the enacted rate applicable from 1 April 2023 at the balance sheet date.

In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remain at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. The effects are included in these financial statements.

10. Intangible assets

	Developed software £000	Purchased software £000	Total £000
Cost			
At 1 April 2021	**3,967**	**3,269**	**7,236**
Additions	**1,166**	**329**	**1,495**
At 31 March 2022	**5,133**	**3,598**	**8,731**
Accumulated Amortisation			
At 1 April 2021	**3,043**	**2,269**	**5,312**
Charge for the year on owned assets	**948**	**475**	**1,423**
At 31 March 2022	**3,991**	**2,744**	**6,735**
Net book value			
At 31 March 2022	**1,142**	**854**	**1,996**
At 31 March 2021	*924*	*1,000*	*1,924*

11. Tangible assets

	Short-term leasehold property £000	Fixtures and fittings £000	Signalling equipment £000	Total £000
Cost or valuation				
At 1 April 2021	764	3,275	29,314	33,353
Additions	909	606	12,358	13,873
Disposals	-	-	(1,733)	(1,733)
At 31 March 2022	1,673	3,881	39,939	45,493
Accumulated Depreciation				
At 1 April 2021	393	1,911	15,233	17,537
Charge for the year on owned assets	260	467	3,737	4,464
Disposals	-	-	(951)	(951)
At 31 March 2022	653	2,378	18,019	21,050
Net book value				
At 31 March 2022	1,020	1,503	21,920	24,443
At 31 March 2021	*371*	*1,364*	*14,081*	*15,816*

The loss on disposal of signalling equipment is due to 'early disconnections' where the assets are written off at this time. Deferred connections fees totalling £245k (2021: £177k) relating to these assets were recognised as revenue at that point. Signalling equipment included in Tangible Fixed Assets is at customer premises.

12. Stocks

	2022 £000	2021 £000
Raw materials and consumables	2,726	918
Finished goods	225	350
	2,951	1,268

13. Debtors

	2022 £000	2021 £000
Due after more than one year		
Deferred tax asset	578	443
Prepayments and accrued income	186	259
	764	702

	2022 £000	2021 £000
Due within one year		
Trade debtors	6,815	5,918
Amounts owed by group undertakings	39,698	38,427
Other debtors	156	551
Prepayments and accrued income	587	777
Corporation tax debtor	900	-
	48,156	45,673

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

14. Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	1,366	2,338
	1,366	2,338

15. Creditors: Amounts falling due within one year

	2022 £000	*2021 £000*
Trade creditors	3,915	*4,653*
Amounts owed to group undertakings	11,473	*9,834*
Corporation tax	-	*11*
Other taxation and social security	756	*1,196*
Accruals and deferred income	10,476	*9,153*
	26,620	*24,847*

The amounts owed by group undertakings are unsecured, interest free and repayable on demand. As at 31 March 2022 there were outstanding pension contributions of £31k (2021: £52k).

16. Creditors: Amounts falling due after more than one year

	2022 £000	*2021 £000*
Accruals and deferred income	2,525	*1,799*
	2,525	*1,799*

17. Deferred taxation

	2022 £000	*2021 £000*
At beginning of year	443	*555*
Charged to profit or loss	135	*(112)*
At end of year	578	*443*

The deferred tax asset is made up as follows:

	2022 £000	*2021 £000*
Accelerated capital allowances	540	*393*
Other timing differences	38	*50*
	578	*443*

18. Called up share capital

	2022 £000	*2021* *£000*
Allotted, called up and fully paid		
1,039,109 *(2021 - 1,039,109)* Ordinary shares of £1 each	**1,039**	*1,039*

19. Capital commitments and contingent liabilities

There are no material capital commitments (2021: £nil).

The borrowings of Cosmos Bidco Limited are secured by the assets of the company and guaranteed by fellow members of the Group. At 31 March 2022, Group borrowings amounted to £81,250,000 (2021: £76,500,000).

20. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	*2021* *£000*
Land and buildings		
Within 1 year	**290**	*374*
Between 2 and 5 years	**1,149**	*862*
Later than 5 years	**1,089**	*1,951*
	2,528	*3,187*

	2022 £000	*2021* *£000*
Other		
Within 1 year	**73**	*39*
Between 2 and 5 years	**52**	*23*
After more than 5 years	**-**	*-*
	125	*62*

21. Related party transactions

The ultimate controlling party of the company is Cosmos Topco Limited. The ultimate controlling interest in Cosmos Topco Limited is held by private equity funds managed by ECI Partners LLP.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102 para 33.

The company has taken advantage of the exemption not to disclose transactions with wholly owned group entities.

22. Ultimate Parent Undertaking

The immediate parent undertaking is Dualcom Holdings Limited and the ultimate parent undertaking is Cosmos Topco Limited, registered in England.

The smallest group of undertakings, of which the company is a member, that produce consolidated Financial Statements is Cosmos Topco Limited. The largest group of undertakings, of which the company is a member, that produce consolidated Financial Statements is Cosmos Topco Limited. Financial statements are publicly available and can be obtained from the companies' registered office: Building 4, Croxley Park, Hatters Lane, Watford, WD18 8YF.